

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

The University of the Arts, *et al.*,¹

Debtors.

Chapter 7

Case No. 24-11835 (BLS)

(Jointly Administered)

Re: Dkt. Nos. 119, 141 and 146

**DECLARATION OF ALFRED T. GIULIANO, CHAPTER 7 TRUSTEE,
IN SUPPORT OF SALES OF REAL PROPERTY AND RELATED ASSETS LOCATED
AT (I) 251 S. 18th STREET, PHILADELPHIA, PA (ARTS ALLIANCE BUILDING) AND
(II) 601 SOUTH BROAD STREET, PHILADELPHIA, PA (ARTS BANK BUILDING)**

I, Alfred T. Giuliano, hereby certify and declare as follows:

1. On September 13, 2024 (the “**Petition Date**”), the above-captioned debtors (the “**Debtors**”) filed voluntary petitions for relief under chapter 7 of the Bankruptcy Code.
2. I have been appointed as chapter 7 trustee of Debtors’ bankruptcy estates. The section 341 meeting of creditors has been held and concluded.
3. Unless otherwise stated, the facts set forth in this declaration are based upon my personal knowledge, upon information supplied to me by counsel or other professionals, upon my review of relevant documents, or upon my opinion based on my experience and knowledge with respect to the Debtors’ estates.
4. Prior to the Petition Date, Debtor The University of the Arts (“**UArts**”) was a Pennsylvania nonprofit corporation serving as an institute of higher learning focusing on the arts.

¹ The debtors in these cases, along with the last four digits of the federal tax identification number for each of the debtors, where applicable, are: The University of the Arts (9911); and U of Arts Finance, LLC (9911).

5. Since my appointment I have been focused on maximizing the value of the real property of UArts' bankruptcy estate.

6. After my appointment, I retained Jones Lang LaSalle Americas, Inc. ("**JLL**"), as the exclusive real estate broker to assist with the sale of the nine properties in Philadelphia, Pennsylvania owned by UArts: (i) Anderson Hall – 329-335 S. Broad Street; (ii) Furness Hall & Outer Structures – 320R. S. Broad Street; (iii) Hamilton Hall & Outer Structures – 320 S. Broad Street; (iv) Spruce Hall – 1224-1234 Spruce Street; (v) Gershman Hall/Student Center – 401 S. Broad Street; (vi) Juniper Hall – 311 S. Juniper Street; (vii) Arts Bank – 601 S. Broad Street (the "**Arts Bank Property**"); (viii) Philadelphia Arts Alliance – 251 S. 18th Street (the "**Arts Alliance Property**" and collectively with the Arts Bank Property, the "**Properties**"); and (ix) Terra Hall – 201-211 S. Broad Street.

7. Since the retention of JLL was approved on November 1, 2024, JLL has been aggressively marketing the real property. JLL has distributed more than 27,000 emails to potential buyers, has signed up more than 150 CA/NDAs, and has already completed more than 40 property tours. Potential buyers were asked to submit preliminary offers by December 11, 2024. After I reviewed the preliminary offers with JLL and my other professionals (and in consultation with the Prepetition Secured Creditors²), potential buyers were asked to submit more formal offers by December 17, 2024, and to provide additional information in connection with their ability to close on a transaction.

8. On December 13, 2024, I filed a motion seeking approval of certain due diligence reimbursements, approval of certain bid procedures, and approval of certain stalking horse

² As defined in the Final Order (A) Authorizing the Trustee to Use Cash Collateral, (B) Granting Adequate Protection, (C) Modifying the Automatic Stay, (D) Approving Sharing Arrangement Under Federal Rule of Bankruptcy Procedure 9019, and (E) Granting Related Relief [Dkt. No. 93] (the "**Final Cash Collateral Order**").

procedures (the “**Bid Procedures Motion**”). On December 20, 2024, the Court entered an order approving the Bid Procedures Motion.

9. On January 8, 2025, I filed the *Motion of the Chapter 7 Trustee for Entry of an Order (I) Authorizing and Approving the Sale of Certain Real Property and Related Assets Located at 251 S. 18th Street, Philadelphia, PA (Arts Alliance Building) Free and Clear of All Liens, Claims, Encumbrances and Other Interests and (II) Granting Other Related Relief* [Dkt. No. 141] (the “**Arts Alliance Sale Motion**”). By the Arts Alliance Sale Motion, I sought authority to sell the Arts Alliance Property to Allan Domb (the “**Arts Alliance Stalking Horse Bidder**”) for \$6,500,000.00 (the “**Arts Alliance Stalking Horse Bid**”). The Arts Alliance Stalking Horse Bid (i) contains certain bid protections in the form of a 3% break-up fee and an expense reimbursement of up to \$100,000 and (ii) is subject to higher and better offers.

10. On January 9, 2025, I filed the *Motion of the Chapter 7 Trustee for Entry of an Order (I) Authorizing and Approving the Sale of Certain Real Property and Related Assets Located at 601 South Broad Street, Philadelphia, PA (Arts Bank Building) Free and Clear of All Liens, Claims, Encumbrances and Other Interests and (II) Granting Other Related Relief* [Dkt. No. 146] (the “**Arts Bank Sale Motion** and collectively with the Arts Alliance Sale Motion (the “**Sale Motions**”). By the Arts Bank Sale Motion, I sought authority to sell the Arts Bank Property to Lantern Theater Company (the “**Arts Bank Stalking Horse Bidder**” and together with the Arts Alliance Stalking Horse Bidder, the “**Stalking Horse Bidders**”) for \$1,760,000.00 (the “**Arts Bank Stalking Horse Bid**”). The Arts Bank Stalking Horse Bid (i) contains certain bid protections in the form of an expense reimbursement of up to \$50,000 and (ii) is subject to higher and better offers.

11. After filing the Sale Motions, I received two competing bids for the Arts Alliance Property and one competing bid for the Arts Bank Property. Accordingly, on January 14, 2025, I conducted auctions for both Properties.

12. At the conclusion of the auction for the Arts Alliance Property, I determined, in my reasonable business judgment, and in consultation with my professionals, that Curtis Institute of Music, a Pennsylvania non-profit corporation (the “**Arts Alliance Successful Bidder**”), with a bid of \$7,600,000.00, submitted the highest and/or otherwise best offer for the Arts Alliance Property (the “**Arts Alliance Successful Bid**”).³ I likewise determined that that Temple University – of the Commonwealth System of Higher Education, a Pennsylvania non-profit corporation shall serve as the backup bidder for the Arts Alliance Property. The Arts Alliance Successful Bid represents an increase of \$1,100,000.00 over the initial purchase price set forth in the Arts Alliance Stalking Horse Bid (*i.e.* from \$6.5 million to \$7.6 million).

13. At the conclusion of the auction for the Arts Bank Property, I determined, in my reasonable business judgment, and in consultation with my professionals, that Quadro Bay, LLC (the “**Arts Bank Successful Bidder**” and together with the Arts Alliance Successful Bidder, the “**Successful Bidders**”), with a bid of \$2,710,000.00, submitted the highest and/or otherwise best offer for the Arts Bank Property (the “**Arts Bank Successful Bid**” and together with the Arts Alliance Successful Bid, the “**Successful Bids**”). I likewise determined that that Lantern Theater Company shall serve as the backup bidder for the Arts Bank Property. The Arts Bank Successful Bid represents an increase of \$950,000.00 over the initial purchase price set forth in the Arts Bank Stalking Horse Bid (*i.e.* from \$1.76 million to \$2.71 million).

³ For the avoidance of doubt, it is my understanding, which was confirmed at the auction, that the restrictive deed covenant placed on Arts Alliance Property on January 23, 2018 is a “Permitted Exception” under the Arts Alliance Successful Bid and that the sale of the Arts Alliance Property will not be free and clear of such restrictive covenant.

14. As evidenced by the results of the auctions, the stalking horse bids submitted by the Stalking Horse Bidders set a meaningful floor for bidding, provided benefits to the UArts estate, and assisted in my efforts to maximize the value of the Properties.

15. To the best of my knowledge and based on representations made to me, the Successful Bidders did not engage in any collusive bidding and all negotiations regarding their respective Successful Bids have been conducted at arm's length and in good faith.

16. To the best of my knowledge and based upon representations made to me, the transactions contemplated by the Successful Bids were not proposed, and the Successful Bidders do not propose to consummate the transaction contemplated by the Successful Bids, for the purpose of hindering, delaying or defrauding the Debtors' present or future creditors.

17. The consideration to be provided by Successful Bidders for the respective Properties is fair and adequate under the circumstances and constitutes reasonably equivalent value and fair consideration for the Properties being acquired. In my business judgment, after considering the bids received and conducting auctions, the Successful Bids constitute the highest and best offers for the Properties.

18. I respectfully submit that sales of the Properties free and clear of liens, claims, and encumbrances pursuant to section 363 of the Bankruptcy Code is the best way to maximize the value of the Properties under the facts and circumstances of these cases.

19. Based on the foregoing, I believe that it is a sound exercise of my business judgment, and consistent with the requirements of sections 363 of the Bankruptcy Code, to sell the Properties to the Successful Bidders and that such action is in the best interests of the UArts estate and its creditors.

20. I intend to close on the sales of the Properties to the Successful Bidders as quickly as possible to preserve the value of the Properties and to minimize administrative expenses. Accordingly, a waiver of the 14-day stay under Bankruptcy Rule 6004(h) or any similar rule is necessary.

I declare under penalty of perjury under the laws of the United States that, based upon my knowledge, information and belief as set forth in this Declaration, the foregoing is true and correct to the best of my knowledge.

Dated: January 15, 2025

/s/ Alfred T. Giuliano
Alfred T. Giuliano
Chapter 7 Trustee of the Estate The University of the Arts